

## Message Text

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ORIGIN ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 SAM-01 AID-20 COME-00 EB-11 FRB-02 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 AGR-20

MC-02 FTC-01 /184 R

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ARA/APU:FVORTIZ

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L/ARA:MGKOZAK

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FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES PRIORITY

USCINCSO

C O N F I D E N T I A L STATE 034277

USCINCSO FOR POLAD

E.O. LL652: GDS

TAGS: ECON, ETRD, EFIN, EIND, CU, AR

SUBJECT: ARGENTINE TRADE WITH CUBA--US SUBSIDIARIES

REF: BUENOS AIRES 1228 AND STATE 117307

1. THE DEPARTMENT APPRECIATES THE PROBLEMS FACED BY THE  
EMBASSY BECAUSE OF THE SITUATION POSED BY GOA EFFORTS  
SINCE THE SUMMER OF 1973 TO ENLIST THE PARTICIPATION OF  
AMERICAN SUBSIDIARIES IN ARGENTINA'S EXPORT PROGRAM TO CUBA.  
THE EMBASSY REPORTING ON GOA MEASURES AND ACTIONS HAVE BEEN  
PARTICULARLY HELPFUL.

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2. THE REQUIRED LICENSE APPLICATIONS SUBMITTED ON BEHALF

OF GENERAL MOTORS, FORD, CHRYSLER AND BORG WARNER SUB-SIDIARIES IN ARGENTINA CONTINUE PENDING. QUERIES FROM LOCAL MANAGERS OF THOSE COMPANIES CONCERNING THOSE APPLICATIONS SHOULD BE ANSWERED WITH THE SUGGESTION THAT THEY MAINTAIN CLOSE COMMUNICATION WITH THEIR PARENT COMPANIES WHICH ARE IN CONTACT WITH APPROPRIATE WASHINGTON AGENCIES ON THEIR BEHALF.

3. FOR THE EMBASSY'S BACKGROUND, THERE HAS BEEN NO CHANGE IN THE USG POLICY OF DISCOURAGING OVERSEAS SUBSIDIARIES OF AMERICAN COMPANIES FROM PARTICIPATING IN EXPORTS OR OTHER TRANSACTIONS WITH CUBA. AMERICAN COMPANIES ARE EXPECTED TO TAKE ALL POSSIBLE STEPS TO AVOID INVOLVEMENT

IN SUCH TRANSACTIONS. THE NATURE OF SUCH STEPS VARIES FROM COMPANY TO COMPANY AND IS A MATTER FOR THE INDIVIDUAL COMPANY TO DECIDE.

4. IN CASES WHERE A SUBSIDIARY BELIEVES THAT SPECIAL FACTORS EXIST WHICH MAY SERIOUSLY PREJUDICE THE SUBSIDIARY IN THE HOST COUNTRY BY REFUSAL TO PARTICIPATE, THE EMBASSY MAY TAKE INITIATIVE TO SUGGEST TO THE SUBSIDIARY THAT IT ASK ITS AMERICAN PARENT COMPANY TO TAKE UP THE MATTER WITH APPROPRIATE WASHINGTON AGENCIES. GUIDELINES CONCERNING THE APPLICATION OF CUBAN ASSETS CONTROL REGULATIONS, ESPECIALLY THE PROHIBITION ON AMERICAN CITIZEN OFFICERS AND DIRECTORS FROM ENGAGING IN TRANSACTIONS WITH CUBA WITHOUT A LICENSE FROM THE TREASURY DEPARTMENT, WERE DISCUSSED IN STATE 117307 OF JUNE 15, 1973. THE OPERATION OF THAT PROGRAM AS OUTLINED THEREIN REMAINS APPLICABLE.

5. THE DEPARTMENT AND OTHER WASHINGTON AGENCIES DESIRE THAT COMPANY AND INDIVIDUAL REQUESTS FOR RELIEF FROM THE APPLICATION OF OUR CUBAN DENIAL PROGRAM, INCLUDING APPLICATION FOR LICENSES UNDER THE CUBAN ASSETS CONTROL REGULATIONS, BE PRESENTED IN WASHINGTON RATHER THAN TO THE EMBASSY BECAUSE OF THE COMPLEXITY OF THE SUBJECT MATTER, THE NEED FOR CONSIDERATION OF IMPACT ON SIMILAR SITUATIONS IN OTHER COUNTRIES AND FOR ASSESSMENT OF EFFECTS ON OVER-ALL CUBA POLICY.

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6. YOU SHOULD INFORM FORD MANAGER COURARD THAT THE DEPARTMENT HAS NOT REPEATEDLY REQUESTED FROM FORD A SIGNED CONTRACT WITH THE CUBANS (NOR TO OUR KNOWLEDGE HAS ANY OTHER INTERESTED USG AGENCY). AS THE EMBASSY RIGHTLY OBSERVED, IT IS NOT OUR INTENTION THAT THE AMERICAN SUBSIDIARIES IN ANY WAY BECOME COMMITTED TO A TRANSACTION IN ADVANCE OF APPROVAL OF THE NECESSARY LICENSE.

7. IT SHOULD BE EMPHASIZED THAT IN SEEKING USG APPROVAL OF A PARTICULAR TRANSACTION, IT IS THE PARENT COMPANY, AND NOT THE DEPARTMENT OR THE EMBASSY, WHICH HAS RESPONSIBILITY FOR ESTABLISHING THE BASIC FACTS WHICH IT BELIEVES CONSTITUTE EVIDENCE THAT ITS SUBSIDIARY WILL BE SERIOUSLY PREJUDICED IN THE HOST COUNTRY IF IT REFUSES TO PARTICIPATE IN THE TRANSACTION. IT IS UP TO THE PARENT COMPANY TO PRESENT ITS CASE DIRECTLY IN WASHINGTON.

8. THE EMBASSY CAN BE MOST HELPFUL BY REPORTING SIGNIFICANT DEVELOPMENTS IN THE OVERALL SITUATION AND SUBMITTING THE ASSESSMENTS INDICATED IN PARA 4 STATE 117307. EMBASSY'S 51, 9322, 7963, 7768 AND 6402 WERE ESPECIALLY HELPFUL IN THIS REGARD. MAJOR RELEVANT GOA POLICY STATEMENTS SHOULD BE REPORTED PROMPTLY. RUSH

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## Message Attributes

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